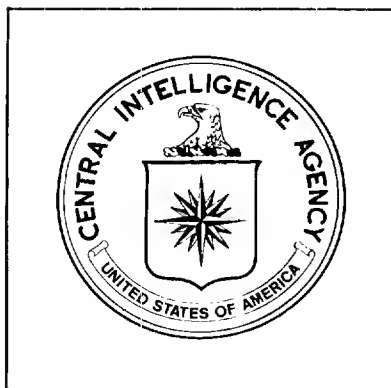


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STAFF NOTES:

## East Asia

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The View from Pyongyang

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North Korea's strategy for taking over South Korea has had three main facets: military and paramilitary preparedness; subversive activity; and diplomatic maneuver. Diplomacy was largely an inconsequential implement for the North until early 1971. Since then, however, Pyongyang has placed most of its hopes on diplomatic action to win what has become its primary interim objective--the early and complete withdrawal of US military forces from the peninsula.

In North Korea's view, many benefits would flow from a US withdrawal: the US would be less likely to respond quickly or forcefully to a North Korean military move against the South; China and the USSR would be less likely to react adversely to a North Korean military move; and the South Korean government--attacked or not--would be generally less confident of its political and military strengths, hence more susceptible to intimidation and subversion.

In short, while Pyongyang could expect no immediate or conclusive results from a complete US military withdrawal, it probably would see a withdrawal as increasing substantially its freedom of action in the South and, consequently, its prospect of ultimate success.

Background

In 1971, as they viewed 20 years of failure to take over the South--or even to make a significant dent in the self-perpetuating two-Koreas situation--the North Koreans probably judged the US element as the one most open to change. They could not reasonably expect any early political breakdown in

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Seoul or any dramatic shift in the South's hostility toward compromise with the North. Nor could Pyongyang see any realistic prospect of a military solution.

The US posture in East Asia in 1971, however, seemed to Pyongyang to offer opportunities worth examining. Enunciation of the Nixon Doctrine in 1969 and the subsequent Vietnamization program, the removal in 1971 of one of the two US infantry divisions from South Korea, and sentiment in the US against further military entanglement in the region, combined with the emergence of Sino-US detente, led Pyongyang to the view that a complete US military withdrawal from Korea might be achieved through diplomatic maneuvering within a few years.

Anxious to stifle any North Korean tendency toward violence on the peninsula--which might upset the Sino-US relationship--Peking encouraged Pyongyang's interest in the diplomatic track, most conspicuously during Chou En-lai's visit to Pyongyang in 1970. To sweeten the pot, Peking began, for the first time, to supply the North with substantial quantities of military equipment. The Chinese also began to support North Korean efforts to win friends in the Third World.

Locked into their conflict with the USSR, the Chinese could not share North Korea's strong desire to oust US forces from South Korea (and from Japan and Okinawa). Peking paid only lip-service to this objective.

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[redacted] Also galling to President Kim Il-song's regime was China's apparent interest in the US-sponsored "two-Koreas" concept as the ultimate solution to the Korean problem. In these attitudes, the Chinese were no different from the Soviets, who have not supported Pyongyang's objectives in the South since the Stalin era.

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Essentially alone in the communist world in pressing for a US troop withdrawal, Pyongyang pursued a conciliatory track in 1971 and 1972: North-South political talks were initiated; a Pyongyang-Seoul "hot line" was established; overtures were made to the US; and a UN observer's seat was accepted without preconditions. Kim generally seemed on his best behavior.

Kim hoped by these tactics to develop new political openings in his dealings with the South and to gain new friends abroad. His principal interest was to encourage the US to believe that its forces were no longer needed in South Korea.

During the winter of 1972-73, Pyongyang apparently lost interest in the North-South talks and reverted to earlier hostile attitudes toward the Seoul government. The shift probably reflected a judgment in the North that the Pak government would remain unyielding in its opposition to the kind of North-South political interchange favored by the communists. Externally, the shift cost Pyongyang nothing: Peking continued its support and the North continued to win friends abroad.

The effort to engage the US in direct talks, moreover, was continued--perhaps because Pyongyang feared the Chinese were not showing enough attention to the issue of a US troop withdrawal or enough zeal in keeping open the possibility of North-South unification.

#### The Fall of Indochina

Events of the past month or so--the fall of South Vietnam and Kim Il-song's visit to Peking--may have had important effects on North Korea's evaluation of its prospects for success against the South.

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Indochina probably cuts two ways for Pyongyang. Given the obvious similarities between the situations in Vietnam and Korea, it would be surprising if Kim has not taken heart from Hanoi's success--following decades of frustration--and especially from US inaction in the face of the North Vietnamese offensive. Beyond this, there are few certainties. Kim is aware, for example, that he lacks anything remotely resembling the subversive and paramilitary apparatus that Hanoi always had in South Vietnam, as well as Hanoi's easy access to the South.

But Kim is also aware that Hanoi's success was closely related to the withdrawal of US combat forces from Vietnam, and this awareness has probably made him more determined than ever to secure a US military withdrawal from the peninsula.

#### Kim's Peking Visit

Kim's principal mission in Peking last month was probably two-fold:

--To induce Peking to shift from its equivocal attitude on the US troop withdrawal issue toward strong support of the North Korean position.

--To win Peking's agreement to abandon flirtation with the "two-Koreas" concept and accept, instead, North Korea's emphasis on unification.

Peking, as the final communique of the meeting made clear, agreed to go along more closely with Pyongyang on the political and diplomatic front. The Chinese did not endorse any timetable for the US withdrawal and emphasized the commitment to "peaceful" reunification. The reference to North Korea as "the sole legal sovereign state of the Korean nation," however, went beyond earlier Chinese formulations on the issue, placing Peking closer than ever to Pyongyang on the two-Koreas issue.

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In return for all this--and possibly some additional military aid--Kim could offer China a promise to avoid risking major military action and continuation of the preferred position Peking has enjoyed in North Korea since 1971.

This is not to say that Kim and his high-level Chinese hosts refrained from discussing the pros and cons of a major military adventure against the South. They may well have done so; top North Korean military leaders accompanied Kim to Peking. China, however, probably fears that any military move on the peninsula would provide Moscow with the opportunity to expand its influence in the Pacific and cause Japan to increase substantially its military spending. The Chinese, moreover, probably recognize that--by virtue of their closer relationship with Pyongyang--it is Peking, not Moscow, that would be blamed, as well as burdened, if the North Koreans were to invite war on the peninsula.

Thus, it is likely that Kim came away from Peking reinforced mainly in the determination to proceed vigorously along the political and diplomatic track--pointing first toward the non-aligned conference in Lima this summer and then to the UN General Assembly this fall.

Military Aspects

Kim, of course, may double-cross his allies and make a major military move against the South in the near future--e.g., an effort to crack through the western demilitarized zone in strength and threaten Seoul. Even if such an attack were stopped short of Seoul, Kim might reason, the powers would quickly step in to enforce a cease-fire, leaving the North with substantial political and psychological gains against the Pak government.

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In a bold move of this sort, however, Kim could be sure of neither the actions of the powers nor the strength and responses of his military opposition; he could not control the risks. The North is aware, for example, that South Korean contingency plans call for holding the line at the Demilitarized Zone and then counterattacking. In our judgment, the factors that have restrained North Korea from risking a major war by undertaking an attack of this sort have not changed. These include:

- The need for assured logistic support from the Chinese or Soviets.
- A healthy respect for Seoul's military capabilities.
- Concern over US air and naval reactions.

The North may, nonetheless, feel encouraged at this juncture to re-examine the validity of these restraints. Specifically, the North may wish to probe more aggressively the capabilities of South Korean forces and the solidity of the US security commitment to Seoul.

### Possible Military Courses of Action

The armed truce in Korea provides limitless opportunities for testing an opponent's land, sea, and air defenses, and such tests occur almost daily. Occasionally, with the sinking or seizure of a vessel or the shooting down of an aircraft, tests escalate into serious incidents that highlight the relatively precarious nature of the Korean peace. Even so, for over 20 years, both sides have acted and reacted with relative caution, and escalation into general or prolonged combat has not occurred.

The Kim Il-song regime, however, might decide that the time is ripe to probe beyond established

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geographical limits, or to prolong some commonplace incident into outright confrontation in the belief that the risks would be controllable.

On the low end of the military scale, Pyongyang might respond to any new South Korean challenge to North Korean ships or aircraft in international waters or airspace with prompt attacks on the offending South Korean military units, rather than react purely defensively as in the recent incidents in and over the Yellow Sea and the Sea of Japan.

The North has been strengthening its sea and air capabilities in zones near the South. In a response of this sort, it might see opportunities for demonstrating naval and air superiority over the South's forces, highlighting US reluctance to become directly engaged, and contributing to misgivings in the US Congress over continuing the US military involvement in Korea. The North would assume that, under US pressure, the Pak government would not treat communist moves of this sort as a cause for war.

If the North feels bold enough to challenge the US directly, as it did in January 1968 and January 1969, its most likely course of action would be an attack on a slow US reconnaissance aircraft operating not far below the North-South border. The North might calculate that a shootdown--with the inevitable demands for retaliation--would once again put the US in a serious political dilemma at home and in its relations with Seoul. The North might be prepared to accept some damage, to an air base, for example, if it miscalculated the nature of the US response.

At the risky end of the scale, in North Korean calculations, would be an attempt to raid or seize one or more of the Yellow Sea islands under the jurisdiction of the UN Command. Since the fall of 1973, the North has claimed waters surrounding

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these islands as part of its territorial sea. It has demanded that the South cease dispatching military craft to the islands and seek Pyongyang's permission before sending civilian vessels. In response, the South Korean military has beefed up its island garrisons. The area has become the scene of considerable tension over the past year as Northern vessels and aircraft persistently attempt to assert their right to operate near the islands and in areas to the south of them.

A communist assault on the islands, which are just off the North Korean mainland, might be undertaken in the belief that one or more could be occupied quickly and held against counterattacks--a political victory of some magnitude in the North-South struggle. Even if unsuccessful in taking or holding an island, the North might calculate that the move--whatever its immediate costs--would provide a useful test of South Korean and US military reactions. The North might also see profit in contributing to existing strains in South Korean - US relations.

We do not believe it likely that Pyongyang will go so far as to assault the Yellow Sea islands at any early date, though Pyongyang may well perceive present circumstances as favorable for a more aggressive testing of South Korean and US responses than we have seen since early 1969.

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Japan and India: Downhill Slide Continues

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Japanese-Indian relations over the past year have been characterized by continuing friction. Major problems include: Tokyo's unhappiness with Indian nuclear policy; Japanese difficulties on economic matters with the Indian bureaucracy and business management; and disagreement over the price of iron ore, India's main export to Japan.

The outlook is for only limited cooperation in the political realm and little or no expansion of Japanese economic aid and investment.

The Nuclear Issue

The principal issue separating the two countries has been Tokyo's disapproval of India's detonation of a nuclear device a year ago. Openly skeptical of India's avowed "peaceful intentions," the Japanese view the development as only accelerating nuclear arms proliferation. During the Indo-Japanese vice ministerial meetings in New Delhi last December, for example, the Japanese rated Indian claims of developing nuclear explosive technology "to re-invigorate depleted underground oil pools" as transparent nonsense.

Tokyo, moreover, has held to an earlier decision to limit economic aid for fiscal 1974 to the levels of 1973 as a protest, however muted, against the nuclear explosion. In March 1975, the Japanese announced a total of only \$102 million in aid commitments for fiscal 1974. Aid terms, while actually softened slightly over earlier commitments, were relatively hard, compared with Japanese aid to other less-developed countries.

Economic Setback

While bilateral trade rose 50 percent in fiscal 1974, the increase was largely a function of higher

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prices for Japanese steel and fertilizer. Japanese imports of Indian goods fell substantially in volume, mainly because of recession in the Japanese steel industry and the consequent reduced demand for iron ore.

The price of iron ore has been a major sore point in bilateral trade relations. New Delhi is caught in a long-term export contract that has no price escalation clause. India has been trying to renegotiate existing contracts but, so far, Japan has agreed to only a small price adjustment. New Delhi has even diverted some better grade ore to Western Europe in search of higher prices. The Indians recently proposed a new ten-year contract with Japan with provision for periodic price increases, possibly in the hope that its bargaining position would be strengthened by membership in the newly formed Association of Iron Ore Exporting Countries.

Another sore spot has been the performance of Japanese joint ventures and aid projects in India. Most of the plants are operating well below capacity and are losing a great deal of money. The Indians claim that much of the machinery installed in these projects is obsolete and that the Japanese are charging exorbitant prices for spare parts. The Japanese, on the other hand, assert that the projects have been impeded more by power shortages and labor problems than by equipment failure.

The Japanese, like others doing business in India, have long been disturbed by the prevailing suspicion of foreign investors, the lethargy of the Indian bureaucracy, the poor transport facilities, and the shortages of trained personnel.

#### Outlook

The Indian government had hoped for some improvement in the tone of bilateral economic

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relations when Miki became Japan's prime minister last December. New Delhi has almost certainly been disappointed and now attributes at least part of Japan's disinterest--particularly in increased aid--to the tightening Japanese focus on less-developed countries that are richer in natural resources, especially oil. Japan's apparent disinterest in India, however, probably has more to do with disillusionment over New Delhi's overall domestic and foreign policy performance since the balmy days of the Nehru era, when India seemed destined for a leadership position in Asia and the Third World.

Prospects for injecting some forward momentum into relations between the two countries any time soon are not good. A visit by Japan's foreign minister was planned long ago but apparently postponed because of New Delhi's displeasure over Tokyo's adverse reaction to the Indian nuclear test. The visit most recently was tentatively set for the first half of this year, but there is no indication that the climate of relations between the two countries has improved sufficiently to permit the visit. [REDACTED]

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